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Sent: Monday, October 30, 2006 5:30 PM
To: ME, Connect
Cc: Governor; john.baldacci@mainelywired.net; Federle, Tom
Subject: comments regarding proposed rules.

To: ConnectMe Authority members

Having finally found the time to look at your proposed rules in detail I find that rather than furthering private investment by small, local operators it is more or less poised to strangle them. All your proposed rules are favoring large business entities. First I would like to say that the Mainely Wired Network was set up entirely with private funding and it's build out and expansion is continuing entirely with private funds. We are a small business in every aspect and spend all our energy on building our business and satisfying our customers. Burdening us with reporting requirements that are detracting from our 24/7 effort to keep our company afloat does not make any sense at all.

1. As to your proposed reporting rules:

A. Small operators should be exempt from reporting requirements. Small operators could be defined on revenue, # of customers or # of employees basis.

B. We operate on the unlicensed bands and are not required to file FCC 477. Does that mean we don't exist ?

C. We don't target customers. We take them as they come. Why should this be a reporting item?

D. Our technology is flexible and adapted to topographical and population density realities as well as changes in technology. In this business today's cutting edge is tomorrow's garbage. We continually interface several technologies to reach solutions for our customers why should we be burdened with any reporting requirement concerning our technologies ? Disclosing our solutions will only benefit our competition. The customer is the ultimate judge here and if she/he is not happy with our solution we will be out of business in a hurry.

E. We can barely discern between business and residential customers. While we have targeted tariff lines for business and residential service we find that many of our residential customers do business on-line once they are able to access the BB connection. How would we differentiate between the e-bay seller of Maine crafts and the e-bay seller of used bed room furniture? We are not monitoring content. That would be illegal. Amazingly so far we are able to stay in business and actually grow our business without the burden of having to report all aspects of our activities to some authority residing in Augusta.

2. Bandwidth criteria:

A. As an actual BB provider in under served or non-served areas we have found that BB service is defined by the customer. When a customer who is located at the end of a phone line with a dial up speed of 18K all of a sudden has access to wireless or satellite service at 300-400 or 500K Mbps that customer is very happy and considers her/himself on broadband. Now we have an authority that arbitrarily decides that BB is service at 1.5Mbps. Once again the big providers are favored.

Unfortunately they are not the ones that make the effort to reach the residences 3 miles deep in the woods and off the beaten path, it is the small operator that provides NLOS wireless service and the customers gladly live with the retardation of bandwidth that occurs in such situations. As the technology advances and competitors move forward the provider will be forced to enhance the customers experience as a matter of business survival so there will always be bandwidth increases by providers if they intend to stay competitive. Our suggestion would be to define BB as anything that equals or exceeds 10X the dial up speed at a customers location.

3. Satellite exclusion:

A. Even though Mainely Wired goes head to head with satellite service at many locations we see no reason why it should be excluded as a qualified operator. We believe that all providers have one goal and that is to extend BB service to as many customers and locations as possible. If the solution is wired, wireless, satellite or any other technology that can bring customers on line it should be encouraged and not be excluded. We thought this authority was established by the governor with one goal only: to bring BB service to under served and unserved areas of Maine. Nowhere was there a mention of excluding any operator or any technology. We could decide tomorrow that a satellite solution makes more sense for our business plan and would act accordingly but this authority proposes that this switch would eliminate our standing as a BB provider. Does this proposed rule in any way at all help the governor's goals?

4. Time lines:

A. To bring service to under served / unserved areas often requires overcoming a bewildering combination of barriers. Land owner approvals for base and relay operations, back bone providers ability to provide service, infrastructure corrections etc. We all are aware of the many barriers and the real time line for mobile communication tower erection

- even when the land is in possession of the applicant and the federal permit available. Artificially set up time lines cannot meet the realities on the ground.

Our suggestion would be to let the operator determine the time line to commencement of service in a given area when applying for funding and cut off funding immediately if the time line has not been met. Another operator will then be given the opportunity to provide the service.

5. Assessment fee

A. An assessment on total retail revenues is completely counter productive. When an BB service operator decides to expand his opportunities for survival by providing his customers with local network design, configuration, service and equipment he would be at a competitive disadvantage with other providers of such services and there are many of such providers. What does retail revenue value have to do with BB service? There should be a total demarkation between BB service fees and retail revenue and only BB service fees should even be considered for an assessment.

B. The reporting requirement level of \$ 12,500 in quarterly revenues does not make any sense at all. A BB provider with this level of revenue (50K/year) is obviously in the start up mode and cannot in any afford to take time to report or be deprived of any nickel of revenue available. Let's get real here. A mid level analyst at any state agency has a better income than that and does not have to to pay bandwidth providers, equipment providers, tower rentals,

installers etc. At this revenue level the operator is working for nothing and actually putting capital into the business. Trust me - I've been there. The authority should send money to this business instead of taxing it. Our suggestions would be: 1st. The authority should try to get it's funding from the universal service fund that so grandly supports the smaller local Telecoms. Maybe the authority does not know that those telecoms are now getting into BB service in a big way. It's so much easier to compete if you get a \$ 6 to 7 mil/year subsidy. Why can't small operators benefit from this fund also?

Could we please get an answer for this question asap?

2nd. If there should be a revenue reporting level it should be at a level that makes sense. A \$ 75K quarterly service fee revenue level would probably be an appropriate level. At that level an operator would be able to marshal the reporting resources and would not be forced to neglect the build up of the service in order to comply with authority rules/regs.

3rd. The assessment should be graduated to give the small operator a chance. An operator with 300 service customers/ month should not be assessed. 300 customers to 1000 customers services should be assessed 0.10%. >1000 customer operations maybe 0.15% > 5000 customer 0.25%.

The authority was an excellent idea as conceived by the governor's office but it seems to us that the authority is not following the path laid out by Governor Baldacci in his remarks at the inauguration of our Mid Coast service in Swanville. The Governor emphasized his support of small operators that were trying to keep engineering talent in Maine and that were willing to take on the "last mile" connections that major operators shun. With it's proposed rules and definitions and taxation the authority seems to be willing to strangle the small operator in favor of larger entities. It was our hope that for once the more rules, more regulation and more taxes mentality had been put aside to get all Mainers into the internet age. That hope seems to have been in vain.

We're glad that we/I had the opportunity to present my views to the authority.

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